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HEAD OFFICE
KATCHOBORI, CHUO-KU
104-0032, JAPAN
TEL : 81-3-3552-0141
FAX : 81-3-3553-0633
E-MAIL : <http://www.nkkk.jp/>

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INTERNATIONAL INSPECTION & SURVEYING
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SAMPLING AND TESTING
CARGO WEIGHING AND MEASURING

DUPLICATE

(Ref: MUO)



TOKYO

Date: Jun. 6, 2006
Report No. DA 481/05

SURVEY REPORT

This is to certify that, we, the undersigned, did carry out document survey, and hereby report upon damage to cargo as follows:

Applicant:	Sompo Japan Co., Ltd.
Shipper:	Canon U.S.A. Inc.
Consignee:	Canon, Inc.
Description and Packing of the Goods:	8,400 pcs. of HP Ink cartridges on 200 pallets in 5 containers
Insurer:	Sompo Japan Insurance Inc.
Policy No.:	047101387
Amount Insured:	¥134,549,000.-
Carrying Vessel:	M.V. "CHANG JIANG BRIDGE"
Loading port :	Oakland, USA
Discharging port :	Tokyo, Japan
Surveyor in charge:	T. Muraoka

History:

The cargo was ink cartridges for HP (Hewlett Packard) Type 820 printers, which had been produced by Canon, Inc. in Japan, and had once been exported to the U.S.A. and Europe.

The cartridges produced between Jul. 12 and Aug. 27, 2004 were found to have mechanical defects, so Canon, Inc. decided to recall and repair them in Japan.

The goods in question were collected and stowed in the warehouse of Nippon Express U.S.A., Inc. in Oakland, San Francisco, USA.

Canon U.S.A. Inc. requested Nippon Express USA, Inc. San Francisco Cargo Branch to book the cargo from the U.S.A. to Japan by reefer containers as dry because it was very sensitive to heat.

However, the cargo was loaded into five 40' dry containers in spite of the request to use reefer containers, and then loaded onto the M.V. "CHANG JIANG BRIDGE", which sailed on Sept. 26, 2004 from Oakland to Tokyo.

After it arrived at Tokyo on Oct. 5, 2004, the cargo was transported and stocked in a warehouse of Canon, Inc.

This Certificate/Report contains measures to prevent forgery. If you have any question regarding the contents, please refer to the Original of the Certificate/Report.

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As a result of sample checking by Canon, Inc., the black ink cartridges did not pass their test because of deterioration of ink quality.

And they decided that all the black ink cartridges were unsalable, and so all 4,620 black ink cartridges were abandoned.

Investigation:

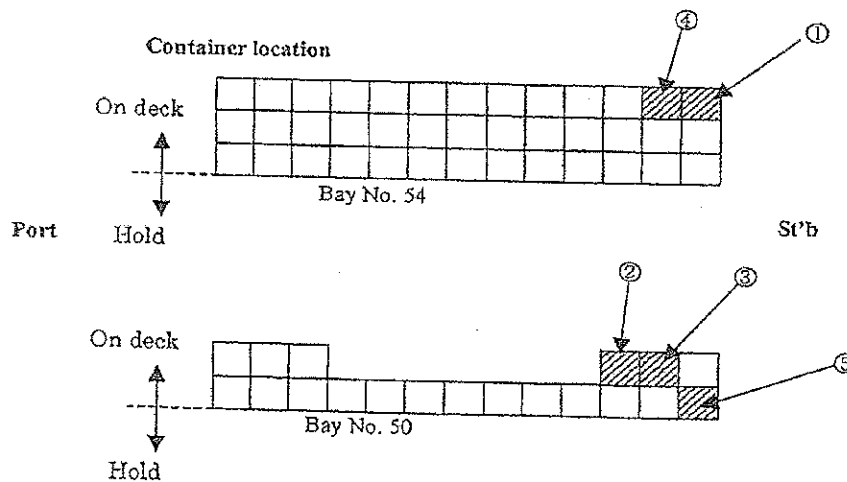
We checked the relevant documents and confirmed the following facts.

1) Transportation of the cargo

The cargo was stowed in five 40' dry containers on about Sept. 19, 2004, and loaded onto the container carrier "CHIANG JIANG BRIDGE" sailed from Oakland port on Sept. 26.

The details of the cargo in each container, and the container positions on the vessel are as below.

Container No.	Type of Cartridge	Pallet	Quantity(pcs)	Container location	
YMLU4384340	6827A001AA(Yellow)	40	1,680	Bay No. 541186	①
TEXU7248997	6830A001AA(Black)	38	1,596	Bay No. 500784	②
	6827A001AA(Yellow)	2	84		
YMLU4800324	6830A001AA(Black)	40	1,680	Bay No. 500984	③
YMLU4729020	6830A001AA(Black)	32	1,344	Bay No. 540986	④
	6827A001AA(Yellow)	8	336		
TEXU7357452	6827A001AA(Yellow)	40	1,680	Bay No. 501182	⑤
Total	6830A001AA(Black)	110	4,620		
	6827A001AA(Yellow)	90	3,780		



After the vessel arrived at Tokyo on Oct. 5, 2004, the containers were delivered to Maruzen Shonan Warehouse near Canon Chemicals Inc. on Oct. 15, 2004, and the cargo was devanned and stowed there.

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2) Result of sample test by Canon Chemicals Inc.

Sample ink cartridges, 27 black and 31 yellow, were picked out from the cargo, and were sent to Canon Chemicals Inc. to test, and the results were as follows.

Environment	Mode	Color	Q'ty	Problems	Judgment
Normal Temp.	Initial	Black	21	White band appeared at D-roller pitch. Abnormal line appeared.	N.G.
		Yellow	25		Good
	Contentious	Black	1	White band appeared at D-roller pitch.	N.G.
		Yellow	1		Good
	Intermittent	Black	1	Abnormal line appeared	N.G.
		Yellow	1		Good
High Temp.	Contentious	Black	1		N.G.
		Yellow	1		Good
	Intermittent	Black	1	Abnormal line appeared	N.G.
		Yellow	1		Good
Low Temp.	Contentious	Black	1		N.G.
		Yellow	1		Good
	Intermittent	Black	1	White band appeared at D-roller pitch.	N.G.
		Yellow	1		Good

Cause of damage:

According to Canon, Inc. the ink in the cartridges is very sensitive to heat, especially the black.

The black ink suffers chemical change at +40°C, and the yellow ink at a higher temperature.

So, the yellow ink cartridges did not suffer chemical change in the same transit by dry containers.

According to Canon's regulations for temperature management for storage of ink cartridges, they have to be kept at environment temperature from -20°C to +35°C.

Therefore, they always use reefer containers for overseas transport.

Generally, it is understood that inner temperature of dry containers increases to about +60°C in dry weather in the sun.

The containers in question had been stowed at Oakland CY for about one week before loading to the vessel on Sept. 26, 2004.

From the weather information obtained from an internet site, the maximum temperature for one week before on Sept. 26 was recorded from 22 - 28°C.

Moreover, 4 out of 5 containers were stowed on the vessel at top location, so they were directly under the sun.

So, we considered that the damage to the cargo was caused by high temperature in the containers during transportation.

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Loss:

We considered that there were some usable black ink cartridges in the 4,620 pcs. but there was no suitable way to sort and recondition the damaged black ink cartridges.

So, we considered that the 4,620 black ink cartridges were irreparable on technical grounds and had no value.

Deduction:

The cargo was originally sent back to Japan for treatment of some mechanical defect.

We could not obtain the details of the treatment cost, but Canon alleged that the cost would be ¥912/pc.

We considered the cost was reasonable, comparing with a similar case in the past.

So, the following cost should be deducted from the loss of the damaged cargo.

Deduction = ¥912 x 4,620 pcs = ¥4,213,440

Opinion:

From our findings, we are of the opinion that the damage was caused by high temperature in the dry containers during transportation, which were allegedly miss arranged and booked on carrier's side and further inappropriately laden onto the overseas vessel.

For all enquiries, please call: Tel 03-3454-6791



NIPPON KAIJI KENTEI KYOKAI
SURVEY DIVISION

S. IIDA, VICE PRESIDENT